

Striking Gold in California

*What You Need to Know
About Taxes and Your
Small Business*



January 1998

Every year in California, about 60,000 new small businesses start up. Unfortunately, almost that same number of companies go out of business each year. This booklet was written primarily to help you, a sole proprietor starting a new small business. The federal and California state tax agencies are working together to promote an understanding of business tax obligations and to direct you to the appropriate sources within each taxing agency for accurate information.

The statements in this booklet are general and are current as of the publication date. Tax law is complex and subject to change. Therefore, if there is a conflict between the law and this booklet, any decisions will be based on the law.

New corporations, partnerships and other joint ventures may use the Index in the back of this booklet to find appropriate sources for their own tax information needs.

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An Introduction

Now that you have your own business, you have different tax requirements than you had as an employee. Taxes which you may have to file and pay as a small business owner in California are:

FEDERAL TAXES

reported to

*On your
income*

The Internal Revenue Service
Form 1040 U.S. Individual Income Tax Return
with
Schedule C Profit or Loss from Business or
Schedule C-EZ Net Profit from Business

*If you have
employees*

The Internal Revenue Service
Form 941 Employer's Quarterly Tax Return
Form W-2 Wage and Tax Statement
Form W-3 Transmittal of Wage and Tax
Statements and
Form 940 FUTA Annual Tax Return

*If you sell
merchandise*

There is no federal sales tax.

The Internal Revenue Service administers all federal taxes except Alcohol, Tobacco and Customs Duties. For information on other programs, please contact the IRS at the toll-free number listed on page 22.

Your city or county may have tax or license requirements. See the white pages of your telephone book under government listings

An Introduction

STATE TAXES

reported to

The Franchise Tax Board

Form 540 *California Resident Income Tax Return* or
Form 540NR *California Nonresident or
Part-Year Resident Income Tax Return*

The Employment Development Department

Form DE 6 *Quarterly Wage and Withholding Report*,
Form DE 88 *Payroll Tax Deposit coupon* and
Form DE 7 *Annual Reconciliation Return*

The Board of Equalization

Form BT-401A *State, Local and District Sales and Use Tax
Return* or
BT-401EZ *Short Form - Sales and Use Tax Return*

The Board of Equalization also administers a number of Excise, Fuel, and Environmental Tax and Fee Programs. For information on these other programs, please contact the Board at the toll-free number listed on page 22.

...on your income

Federal Income Tax

You have probably filed a Form 1040, U.S. Individual Income Tax Return. Now, to report the income from your business, you must *attach* either a Schedule C, Profit or Loss from Business, or a Schedule C-EZ, Net Profit from Business (See IRS Publication 334, **Tax Guide for Small Business**.).

Federal income tax is a pay-as-you-go tax. Formerly, if you were an employee, your employer withheld income tax from your pay. As the owner of your own business, if your taxes are not paid by being withheld, you must make estimated tax payments, using Form 1040-ES. Any tax still due by the due date must be paid with the return (See IRS Publication 505, **Tax Withholding and Estimated Tax**.).

What You Need to Know About Taxes

U.S. INDIVIDUAL INCOME TAX

SOLE PROPRIETORS AND SMALL BUSINESS OWNERS

	<i>What Form Do I Use?</i>	<i>When Is It Due?</i>	<i>Where Do I File?</i>
Filing	Form 1040 <i>U.S. Individual Income Tax Return</i> and attach Schedule C Profit or Loss from Business or Schedule C-EZ Net Profit from Business	April 15 the following year	Mail to the IRS Service Center for your location
Paying Estimates	Payment is submitted with Form 1040-ES <i>Estimated Tax for Individuals*</i>	4 times a year: April 15 June 15 September 15 January 15	Mail to the address shown on the form

* Any tax still due must be paid with the return

...on your income

State Income Tax

If you are a California resident, you must file Form 540, California Resident Income Tax Return. If you are a new or part-year resident of the state, file Form 540NR. To report the income from your business, attach a copy of your federal tax return including Schedule C or C-EZ to the Form 540 or Form 540NR.

California State Income Tax is a pay-as-you-go tax. Formerly, if you were an employee, your employer withheld income tax from your pay. As the owner of your business, if your taxes are not withheld, you must make estimated tax payments, using Form 540-ES. Any tax still due by the due date must be paid with the return.

What You Need to Know About Taxes

CALIFORNIA STATE INCOME TAX SOLE PROPRIETORS AND SMALL BUSINESS OWNERS

	<i>What Form Do I Use?</i>	<i>When Is It Due?</i>	<i>Where Do I File?</i>
Filing	Form 540 <i>California Resident Income Tax Return</i> or Form 540NR <i>California Nonresident or Part Year Resident Income Tax Return</i>	April 15 the following year	Mail to the address shown on the form
Paying Estimates	Payment is submitted with Form 540-ES <i>Estimated Tax for Individuals*</i>	4 times a year: April 15 June 15 September 15 January 15	Mail to the address shown on the form

* Any tax still due must be paid with the return

...if you have employees

Federal Employment Tax

Federal law requires you, as an employer, to withhold, report and pay over to the federal government certain deductions from your employees' wages. You must deduct:

- The employees' federal income tax.
- The employees' contribution to Social Security (FICA) tax.
- The employees' contribution to Medicare.

As an employer, you must also report and pay a matching contribution to Social Security tax and Medicare (See IRS Publication 15, Circular E, **Employer's Tax Guide**.).

You must get a federal Employer Identification Number (EIN) and use this EIN to identify your business when you report these taxes. You report these taxes each quarter on Form 941, Employer's Quarterly Tax Return.

What You Need to Know About Taxes

Federal Employment Tax, continued

Quarter	Date Quarter Ends	Due Date of the Return
First January, February, March	March 31	April 30
Second April, May, June	June 30	July 31
Third July, August, September	September 30	October 31
Fourth October, November, December	December 31	January 31 the following year

At the end of the year (by the following January 31), you must give each of your employees a Form W-2, listing the total each earned and had withheld for federal, state and any voluntary contributions. You must file copies of all the Forms W-2, and a consolidating Form W-3 with the Social Security Administration by the last day of February.

Federal Employment Tax, continued

Just like your personal income tax, federal employment taxes are pay-as-you-go. The law requires you to deposit funds for taxes over \$500 a quarter on a regularly scheduled basis to an authorized financial institution, generally a bank. How often you have to make these deposits depends on the amount of employment taxes you owed previously. As a new employer, you will most likely be required to deposit once a month. Any tax still due by the due date must be paid with the return. (See IRS Publication 15, Circular E, **Employer's Tax Guide**.)

It is important to find out if the people who work for you are employees or independent contractors. Contact the Internal Revenue Service and the California Employment Development Department for this determination.

What You Need to Know About Taxes

FEDERAL QUARTERLY EMPLOYMENT TAX

	<i>What Form Do I Use?</i>	<i>When Is It Due?</i>	<i>Where Do I File?</i>
Filing	Form 941 Employer's Quarterly Tax Return	April 30 July 31 October 31 January 31 the following year	Mail to the IRS Service Center for your location
Filing	Form W-2 Wage and Tax State- ment	January 31 the following year	Give to your employees
Filing	Copies of Form W-2 and Form W-3 Trans- mittal of Wage and Tax State- ments	February 28 the following year	Mail to the Social Security Administra- tion address for your location
Making Deposits	Payment is submitted with Form 8109 Federal Tax Deposit Coupon*	Generally, monthly or twice a week depending on the type of depositor you are	Pay to an authorized financial institution (bank)

* Any tax still due must be paid with the return

...if you have employees

FUTA Tax

(Federal Unemployment Tax Act) Tax

The law requires you, as an employer, to pay a tax that is used to administer your state's unemployment programs. You report this tax annually on Form 940 or Form 940-EZ, Federal Unemployment Tax Act (FUTA) Returns. You use the same Employer Identification Number (EIN) that you reported on Form 941. You must make Federal Tax Deposits for taxes over \$100 per quarter. Any tax still due by the due date must be paid with the return. (See IRS Publication 15, Circular E, **Employer's Tax Guide**.)

What You Need to Know About Taxes

FUTA TAX

	<i>What Form Do I Use?</i>	<i>When Is It Due?</i>	<i>Where Do I File?</i>
Filing	Form 940 or Form 940-EZ <i>Federal Unemployment Tax Act (FUTA) Return</i>	January 31 the following year	Mail to the IRS Service Center for your location
Making Deposits	Payment is submitted with Form 8109 Federal Tax Deposit Coupon*	April 30 July 31 October 31 January 31 the following year	Pay to an authorized financial institution (bank)

* Any tax still due must be paid with the return

...if you have employees

State Employment Tax

State law requires you to register with the Employment Development Department (EDD) as soon as you pay wages over \$100 in a calendar quarter. When you register, you must tell EDD your federal Employer Identification Number. (The IRS calls this your EIN; the EDD calls this your FEIN.) EDD will assign you a state Employer Account Number which will be preprinted on all your EDD returns to identify your business to the state.

You must report and pay the following employment taxes to the EDD:

- Unemployment Insurance
- Employment Training Tax
- State Disability Insurance
- State Personal Income Tax

State Employment Tax, continued

Unemployment Insurance and Employment Training Tax are paid by you. State Disability Insurance and Personal Income Tax are withheld from your employees' wages.

You must report your employees' wages and the State Personal Income Tax you withheld each quarter to the EDD on Form DE 6, Quarterly Wage and Withholding Report. At the end of the year (by the following January 31), you file Form DE 7, Annual Reconciliation Return.

State Employment Tax, continued

These taxes, like your personal income tax, are pay-as-you-go. State law requires you to pay Unemployment Insurance and Employment Training Tax at least quarterly. You may need to pay taxes you withheld from your employees' wages (State Disability Insurance and State Income Tax) more often, generally on the same date your federal deposit is due. You will pay all California employment taxes directly to the Employment Development Department (EDD) using Form DE 88, Payroll Tax Deposit coupon (See DE 44, **California Employer's Guide**).

It is important to find out if the people who work for you are employees or independent contractors. Contact the Internal Revenue Service and the California Employment Development Department for this determination.

What You Need to Know About Taxes

CALIFORNIA STATE EMPLOYMENT TAX

	<i>What Form Do I Use?</i>	<i>When Is It Due?</i>	<i>Where Do I File?</i>
Filing	Form DE 6 <i>Quarterly Wage and Withholding Report</i>	April 30 July 31 October 31 January 31 the following year	Mail to the Employment Development Department P.O.Box 826288 Sacramento, CA 94230-6288
Filing	Form DE 7 <i>Annual Reconciliation Return</i>	January 31 the following year	Mail to the Employment Development Department P.O.Box 826286 Sacramento, CA 94230-6286
Paying	Payment is submitted with Form DE 88 <i>Payroll Tax Deposit coupon</i>	Generally, monthly or twice a week depending on the amount of taxes withheld	Pay to the Employment Development Department P.O. Box 826276 Sacramento, CA 94230-6276

...if you sell merchandise

State Sales Tax

If your business sells merchandise (for example, clothing, furniture, office equipment, etc.) within the state of California, then California law requires you to register with the State Board of Equalization. You must get a seller's permit and report and pay sales tax on your taxable sales, and pay any use tax due on items purchased to help you run your business. How often you must report and the method used to pay your sales tax depends on the amount of your taxable sales (See Board of Equalization's publications No.73, **Your California Seller's Permit**).

What You Need to Know About Taxes

CALIFORNIA STATE SALES TAX

	<i>What Form Do I Use?</i>	<i>When Is It Due?</i>	<i>Where Do I File?</i>
Filing	Form BT-401-A <i>State, Local and District Sales and Use Tax Return</i> or Form BT-401-EZ <i>Short Form - Sales and Use Tax Return</i>	At the end of the month following each reporting period: Monthly Quarterly or Annually	Mail to the Board of Equalization P.O.Box 942879 Sacramento, CA 94279-0001
Paying	Payment is submitted with Form BT-401-A or Form BT-401-EZ*	*When the return is due (See above)	Mail to the Board of Equalization P.O.Box 942879 Sacramento, CA 94279-0001

***Special rules may apply when payment is made electronically.**

Helpful Tax Publications

How to Order by Telephone

The IRS and the state taxing agencies of California produce many free publications to help you fill out your tax returns and to answer your tax questions. To find which publications you want, look first at the index in the back of this book under your topic. All publications and forms can be ordered by telephone.

IRS - Internal Revenue Service (all federal taxes)
(800) TAX-FORM
(800) 829-3676

FTB - Franchise Tax Board (state income tax)
(800) 338-0505

EDD - Employment Development Department
(state employment tax) **(916) 322-2835**

or look in the State Government section of your local telephone book: Employment Development Department, Employment Tax Information.

BOE - Board of Equalization (state sales tax)
(800) 400-7115
or Sacramento-area only **(916) 255-3350**

Helpful Tax Publications

This is a partial listing of publications offered by the Internal Revenue Service, Franchise Tax Board, Employment Development Department and Board of Equalization. You may want to order one or more of the publications listed below. To find which publications you want, look first at the index in the back of this book under your topic.

Internal Revenue Service

Pub 1, *Your Rights as a Taxpayer* - explains your rights in each step in the tax process.

Pub 1SP, *Derechos del Contribuyente* - (Spanish version of Publication 1).

Pub 15 (Circular E), *Employer's Tax Guide* - Forms 940, 941, 941E.

Pub 15A, *Employer's Supplemental Tax Guide*

Pub 17, *Your Federal Income Tax (For Individuals)* - takes you step-by-step through your individual tax return. Forms 1040 (Schedules A, B, D, E, EIC, R, SE), 1040A, 1040EZ, 2106, 2119, 2441, 3903, W-2.

Pub 334, *Tax Guide for Small Business* - explains the tax responsibilities of the four major forms of business organizations: sole proprietorship, partnership, corporation and S corporation. Forms 1040 (Schedule C), 1065, 1120S (Schedule K-1), 1120.

Helpful Tax Publications

Internal Revenue Service, continued

Pub 463, *Travel, Entertainment, Gift and Car Expenses*

- identifies business-related expenses that may be deductible. Form 2106.

Pub 505, *Tax Withholding and Estimated Tax* - Forms W-4, W-4P, W-4S, 1040-ES.

Pub 509, *Tax Calendars for the Current Year*

Pub 510, *Excise Taxes* - covers in detail the various federal excise taxes reported on Form 720 (for example, fuel taxes, tax on heavy trucks, etc.) Also describes other excise taxes and which other forms to use. Forms 11-C, 637, 720, 730, 6197, 6627, 8743, 8807.

Pub 525, *Taxable and Nontaxable Income*

Pub 529, *Miscellaneous Deductions* - identifies expenses you may be able to take as deductions on Form 1040, such as expenses of producing income.

Pub 531, *Reporting Tip Income* - explains how tip income is taxed and rules for keeping records and reporting tips.

Pub 533, *Self-Employment Tax* - explains payment of Self-Employment tax. This is a social security and Medicare tax for people who work for themselves. Form 1040 (Schedule SE).

Pub 535, *Business Expenses*

Pub 536, *Net Operating Loss*

Pub 538, *Accounting Periods and Methods*

Helpful Tax Publications

Internal Revenue Service, continued

Pub 541, *Tax Information on Partnerships* - Form 1065 (Schedules K, K-1).

Pub 542, *Tax Information on Corporations* - Forms 1120, 1120A.

Pub 552, *Recordkeeping for Individuals*

Pub 553, *Highlights of Current Tax Year Changes*

Pub 556, *Examination of Returns, Appeal Rights, and Claims for Refund* - Forms 1040X, 1120X.

Pub 560, *Retirement Plans for the Self-Employed* - explains tax considerations relevant to retirement plans available to self-employed individuals, such as the simplified employee pensions (SEPs) and Keogh plans. Forms 5305-SEP, 5500EZ.

Pub 583, *Taxpayers Starting a Business* - Forms 1040 (Schedule C), 4562.

Pub 587, *Business Use of Your Home* - explains rules for claiming a deduction for business use of your home and what expenses may be deducted.

Pub 590, *Individual Retirement Arrangements (IRAs)* - explains IRA tax rules and penalties. This publication also includes tax rules for simplified employee pension (SEP) plans. Forms 1040, 1040A, 5329, 8606.

Helpful Tax Publications

Internal Revenue Service, continued

Pub 594, *Understanding the Collection Process* - defines your rights and duties as a taxpayer who owes federal taxes. This publication also explains how the IRS fulfills its legal obligation to collect these taxes.

Pub 594SP, *Comprendiendo el Proceso de Cobro* (Spanish version of Publication 594).

Pub 596, *Earned Income Credit* - explains who receives the credit, how to figure and claim it, and how to receive advanced credit payments. Forms 1040, 1040A (Schedule EIC), W-5.

Pub 596SP, *Credito por Ingreso del Trabajo* (Spanish version of Publication 596).

Pub 850, *English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service*

Pub 908, *Tax Information on Bankruptcy* - Forms 982, 1040, 1041.

Pub 911, *Tax Information for Direct Sellers* - describes how to figure income from direct sales, such as selling consumer products door-to-door, at sales parties or by appointment in someone's home. form 1040 (Schedules C, SE)

Pub 946, *How To Depreciate Property* - Form 4562

Pub 966, *Electronic Federal Tax Payment System*

Helpful Tax Publications

Internal Revenue Service, continued

Pub 1544, *Reporting Cash Payments of Over \$10,000* - explains when and how persons **in a trade or business** must file Form 8300 when they receive cash payments of more than \$10,000 from one buyer., and discusses substantial penalties for not filing. Form 8300

Pub 1546, *How to Use the Problem Resolution Program of the IRS*

Franchise Tax Board

Pub 1004, *Individual Income Tax Calendar/ Corporation Tax Calendar*

Pub 1016, *Nonresident Withholding - Real Estate Guidelines* - explains your responsibilities as a buyer of California real estate, purchased from a nonresident seller.

Pub 1018, *Your California Personal Income Tax Responsibilities*

Pub 1024, *Entertainment Industry Withholding Guidelines*

Pub 1029, *Tax Practitioner Contacts* - provides information for tax practitioner services.

Pub 1031, *Guidelines for Determining Resident Status*

Helpful Tax Publications

Franchise Tax Board, continued

Pub 1038, *Guide for Corporations Dissolving, Surrendering or Merging*

Pub 1060, *Guide for Corporations Starting Business in California*

Pub 1083CORP, *Frequently Asked Questions About California's Corporation Taxes*

FTB 1209, *English/Spanish Glossary of Tax Terms*

FTB 4058, *Taxpayer Bill of Rights*

FTB 4201, *Tips on 1099 Reporting for Businesses*

Employment Development Department

DE 44, *California Employers Guide* - explains your state employment tax responsibilities and reporting requirements if you have employees.

DE 45, *Completed Forms Samples* - provides examples of completed forms.

DE 71, *Employer's Responsibilities for the DE 4 and W-4* - explains an employer's obligation to get a W-4 from employees and what to do if an employee claims excessive withholding or exemption from withholding. Also explains Form DE 4 which permits employees to claim different federal and state withholding allowances.

Helpful Tax Publications

Employment Development Department, *continued*

DE 88ALL-I, *Instructions for Preparing the Payroll Tax Deposit Coupons (DE 88ALL)* - provides general information on employment tax deposit requirements.

DE 195, *Employers Bill of Rights* - explains your rights during the employment tax process.

DE 195/S, *Declaracion de Derechos de los Empleadores/ Patrones (Spanish version of DE 195)*.

DE 231, *Employment* - explains who is an employer, who is a statutory employee and who is a common law employee.

DE 231A, *Wages* - defines wages and when to report them.

DE 231B, *Auto Repair Industry*

DE 231C, *Beauty and Barber Shops*

DE 231E, *Restaurant and Hotel Industry* - defines the value of meals and lodging provided to an employee, and how to report tips.

DE 231EB, *Taxability of Employee Benefits* - explains employee benefits, and when they are subject to employment taxes.

DE 231EC, *Elective Coverage for Employers and Self-Employed Individuals* - explains the options for coverage under Disability and Unemployment Insurance.

DE 231EE, *Exempt Employment* - explains which types of employees or work are not subject to certain employment taxes.

Employment Development Department,

continued

DE 231ES, *Employment Work Status Determination* - explains how to request a determination of employee v. independent contractor status.

DE 231G, *Construction Industry*

DE 231H, *Manufacturing Industry*

DE 231I, *Services Industry*

DE 231K, *Casual Labor*

DE 231N, *Salespersons*

DE 231PS, *Personal Income Tax Withholding Supplemental Wage Payments, Moving Expense Reimbursements* - identifies whether moving expense reimbursements should be considered wages.

DE 231Q, *Employee FICA/SDI Taxes Paid by the Employer* - explains how to calculate gross wages without employee deductions, when the employer pays FICA and state disability insurance.

DE 231SE, *Statutory Employees (Agent/Commission Drivers, Traveling/City Salespersons, Construction Workers, Homeworkers, Artists and Authors)* - identifies who is an employee by state law.

DE 231T, *Tips* - defines tips as wages, how to report tips and who is responsible for reporting them.

Helpful Tax Publications

Employment Development Department, *continued*

DE 231TA, *The Employment Tax Audit Process*

DE 231Y, *Reporting Employee Hiring* - defines “new hires” and explains the employer requirement to report them.

DE 231Z, *California System of Experience Rating* - explains how Unemployment Insurance rates are established and calculated.

DE 292, *Employment Tax Problem Resolution Office*

DE 573, *Avoid Unplanned Tax Liabilities* - describes some of the common pitfalls for new employers, and provides methods to avoid creating employment tax liabilities.

DE 573/S, *Evite La Responsabilidad De Pagar Impuestos Que Non Planeaba* (Spanish version of DE 573).

DE 631TL, *State Tax Lien* - defines a lien, describes the effects of the lien and lists what is required to obtain a release of lien.

DE 929, *Employment Tax Seminars* - provides information on topics covered at employment tax seminars, and how to find out about upcoming seminars.

DE 3395, *Value of Meals and Lodging* - explains how to determine what portion of meals and lodging are includable as wages.

Helpful Tax Publications

Board of Equalization

Some of these publications are printed in other languages. If a translated version is currently available, one or more of the following letters appears after the title to show the translation.

S - Spanish, C - Chinese, V - Vietnamese, K - Korean

No. 1, *Sales and Use Tax Law* - an extract of the Revenue and Taxation Code dealing with sales tax.

No. 2, *Uniform Local Sales & Use Tax Law and Transactions & Use Tax Law* - an extract of the Revenue and Tax Code

No. 9, *Tax Tips for Construction and Building Contractors*

No. 17, *Appeals Procedures* - explains the sales tax laws' appeals procedures.

No. 21, *State Board of Equalization* - provides an overview of the agency's responsibilities.

No. 22, *Tax Tips for the Dining and Beverage Industry (S)*

No. 24, *Tax Tips for Liquor Stores*

No. 25, *Tax Tips for Auto Repair Garages and Service Stations (S, C, V, K)*

No. 26, *Tax Information Index*

No. 27, *Tax Tips for Drug Stores*

Helpful Tax Publications

Board of Equalization, continued

No. 31, *Tax Tips for Grocery Stores (S, K, C, V)*

No. 34, *Tax Tips for Motor Vehicle Dealers (New & Used)*

No. 35, *Tax Tips for Interior Designers and Decorators*

No. 36, *Tax Tips for Veterinarians*

No. 37, *Tax Tips for the Graphic Arts Industry*

No. 38, *Tax Tips for Advertising Agencies*

No. 44, *Tax Tips for District Taxes* - describes how local district taxes are administered.

No. 46, *Tax Tips for Leasing of Tangible Personal Property in California*

No. 47, *Tax Tips for Mobilehomes and Factory-Built Housing*

No. 51, *Guide to Board of Equalization Services*

No. 58-A, *How to Inspect and Correct Your Records*

No. 61, *Sales and Use Tax: Exemptions and Exclusions* - a list of the most common exemptions and exclusions.

No. 62, *Tax Tips for Locksmiths*

No. 64, *Tax Tips for Jewelry Stores*

Helpful Tax Publications

Board of Equalization, continued

No. 66, *Tax Tips for Retail Feed and Farm Supply Stores*

No. 68, *Tax Tips for Photographers, Photo Finishers and Film Processing Laboratories*

No. 70, *The California Taxpayers Bill of Rights* - describes the taxpayers' rights under California sales tax laws. **(S)**

No. 71, *California City and County Sales and Use Tax Rates* - a list of sales and use tax rates by city, county and zip code.

No. 73, *Your California Seller's Permit* - a general guide to getting a seller's permit and filing the tax return. **(S, K, C, V)**

No. 74, *Closing Out Your Seller's Permit* - tells you how to close out your seller's permit.

No. 75, *Interest and Penalty Payments*

No. 76, *Audits and Appeals* - describes what happens if you are audited for sales tax, and the appeals process after your audit.

No. 80, *Electronic Funds Transfer Program: Information Guide*.

Index of Topics

The following index lists topics from each of the taxing agencies which may be of interest to you. The number after each topic is the publication number you use to order a free copy. The letters before each number indicate which agency to order the publication from. Refer to the section titled **HELPFUL TAX PUBLICATIONS** for brief descriptions of the publications.

Internal Revenue Service publications are indicated by **IRS**.

Franchise Tax Board publications are indicated by **FTB**.

Employment Development Department publications are indicated by **DE**.

Board of Equalization publications are indicated by **BOE**.

Accounting periods and

- methods -
IRS538, IRS552
- Accrual method - IRS538
- Adjustment to income:
 - Self-employment health insurance - IRS535
 - Self-employment tax - IRS533, IRS596, IRS596SP
- Advanced payments:
 - Earned income credit - IRS596, IRS596SP, IRS15
- Advances, salary - DE44
- Advertising
 - Agencies - BOE38
 - Expenses - IRS535
- Anticipated liabilities - IRS535
- Attorney fee:
 - Business expenses - IRS535
- Audit and appeals - BOE17, BOE76
- Automobile expense (see Car expenses)
- Automotive repair industry -
DE44, DE231B, BOE25

Bad debts:

- Business - IRS535,
- Bankruptcy - IRS594, IRS594SP, IRS908
- Barber shops - DE44, DE231C
- Barter income - IRS525
- Beauty shops - DE44, DE231C
- Bill of Rights,
 - Employer - DE195, DE195/S
 - Taxpayer - BOE70
- Bonuses:
 - Employee - IRS525, DE44, DE231A, DE231PS
 - Employer's deduction - IRS535, DE44, DE231A, DE231PS
 - Employment taxes - IRS15, DE44, DE231A, DE231PS
- Books and records, business -
IRS583, DE44, BOE58-A, BOE73
- Buildings, depreciation of -
IRS946
- Business (see also Deductions)
- Bad debt - IRS529, IRS535
- Casualty losses - IRS334

Index of Topics

Expenses - IRS463, IRS535, IRS463
Start-up costs - IRS535, IRS541
Taxes - IRS535, IRS583, BOE1,
BOE2, BOE73
Use of car - IRS463
Use of home - IRS529, IRS587

Calendars, tax - IRS509, FTB1004,

DE44, BOE73

Capital expenditures:

Basis - IRS946

Business - IRS535

Car dealers - BOE34

Car expenses, business - IRS463
DE231A

Cash method of accounting -IRS538

Cash or deferred arrangement -
DE231A, DE231EB

Cash transactions over \$10,000 -
IRS1544

Casual labor - DE44, DE231K

Child employee - DE44, DE231A,
DE231SC

Cleaning and laundry expenses,
business expense when traveling -
IRS463

Clothes, work - IRS529

Collection process:

Income tax accounts - IRS594,
IRS594SP

Employment tax accounts -
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Get information from our web pages

IRS - Internal Revenue Service (all federal taxes)

<http://www.irs.ustreas.gov>

FTB - Franchise Tax Board (state income tax)

<http://www.ftb.ca.gov>

EDD - Employment Development Department
(state employment tax)

<http://www.edd.cahwnet.gov>

BOE - Board of Equalization (state sales tax)

<http://www.boe.ca.gov>

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Helpful Telephone Numbers

IRS - Internal Revenue Service (all federal taxes)
(800) TAX-1040
(800) 829-1040

FTB - Franchise Tax Board (state income tax)
(800) 852-5711

EDD - Employment Development Department
(state employment tax)

Look in the State Government section of your local telephone book: Employment Development Department, Employment Tax Information.

BOE - Board of Equalization (state sales tax)
(800) 400-7115
or Sacramento-area only **(916) 227-6700**